



Date: - 27.05.2025

To,
National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex
Bandra (East),
Mumbai - 400 051

Symbol: - KRISHNADEF
ISIN: - INE0J5601015

Subject: Transcript of Earnings Call

Respected Sir/ Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated July 13, 2023, please find enclosed herewith the transcript of the Earnings Call held on Friday, 23rd May, 2025 at 2:00 P.M.

Kindly take the same on the record.

Thanking You,

For Krishna Defence and Allied Industries Limited

Ankur Ashwin Shah
Managing Director
DIN: 01166537





KRISHNA DEFENCE & ALLIED INDUSTRIES LTD

H2 & FY25

POST EARNINGS CONFERENCE CALL

May 23, 2025 2:00 PM IST

Management Team

Mr. Ankur Shah - Managing Director
Mr. Piyush Patel - Chief Financial Officer

Call Coordinator



Strategy & Investor Relations Consulting

Presentation

Vinay Pandit:

Ladies and gentlemen, I welcome you all to the H2 & FY'25 Post Earnings Conference Call of Krishna Defence & Allied Industries Limited. Today, on the call from the management team, we have with us, Mr. Ankur Shah, Managing Director and Mr. Piyush Patel, Chief Financial Officer.

As a disclaimer, I would like to inform all of you that this call may contain forward-looking statements, which may involve risk and uncertainties. Also, a reminder that this call is being recorded. I would now request the management to run us through the presentation for the period ended 31st March, 2025, the growth plan and vision for the coming year, post which we will open the floor for Q&A. Over to you.

Ankur Shah:

Yeah. Thank you, Vinayji for this opportunity per se and thank you all for taking time out to listen to us. Without taking too much time, let's straight get to the presentation. Let me begin by introducing myself, I'm Ankur Shah, Managing Director of the company. I'm a Production engineer, and I've been with the company for the past 25 years. Let's begin.

I'll just skip through all, we'll just cover the relevant slides per se and then be given more time for the question and answer that that's what we are looking to do. Just a background of about our company. We are based out of Mumbai. My father started the company. The one in the picture is my dad. Incidentally, today is my dad's birthday. Been 74, had he been there, but God chose otherwise. So it's an emotional day for us.

So, we have our factory in Gujarat, Baroda, where we have a total of 300 people working for us. We work with business where the layout is. We had an office in Bangalore, and two manufacturing units in Gujarat near Baroda. Our two business verticals that we work out of is 96% comes out of defence and about 4% or 5% comes out of the dairy industry, which has been our traditional industry.

Coming straight to the product basket that we do, I'm sure all of you know by now, but one of them, just for the people who would have joined for the first time, our premier product is the bulb bar. These are steel bars that are there or stiffeners as we call. These are replacement of angles in channels used for structural member. However, if you see the shape, it's like a P horizontal P shape as compared to normal L or a C shape kind of a structure.

These are used for hull construction of warships. The image that you see in the centre, if someone can see the cursor, the one in yellow, these are used as structural members for the strength of the hull structure. Because of the typical shape, the strength to weight ratio is 3x.

And the strength to weight ratio being higher, I can reduce the weight of my platform, in this case, the ship without compromising on the strength of the ship. So we've been doing this since about 2008 onwards. We registered with the Navy and we are supplying to all the shipyards. The next two products are welding wires, SAW wires and welding electrodes. These are very special grades that are there. All these three products that you see, the Indian Navy was importing this from Russia.

We have successfully indigenised them and are supplying for the various platforms, that are being built by the Navy. On the extreme left is a product called the Ballast Bricks. This is again used for critical platforms, so balancing of the platforms. This has a typical feature that the magnetic signature, the same is extremely low. On the centre is the Armoured Steel Profiles.

This is a new segment that we got into in the past few years, and we are seeing good traction on that. These are Armoured Steel Profiles which is used for the manufacture of the T-90 tanks for the Indian Army. There are various profiles about 17, 18 of them. These are used as chassis or other applications within the tank area. This again was imported from Russia. We have successfully indigenised them. On the right is a product called the Bukhari, which is used as space heating device as we call it or used at high altitude like Ladakh and Siachen in such places to keep the room warm.

There's an improvised version of the earlier Bukhari that was there. This we have done in transfer of technology with DRDO lab called DIPAS Space out of Delhi which is responsible for high altitude products for the soldier and our army. That's our customer base starting with the Indian Army, Indian Navy, of course. All the big shipyards, Cochin Shipyard, Mazagon Dock, GRSE, Hindustan Shipyard. We are also armoured vehicle, as I mentioned, DRDO, Goa Shipyard. These are all the shipyards that we are supplying our products to.

This is the Dairy segment of it. We started off in '97 with the manufacture of milk cans, milk cooling tanks, and the robotic milk collection unit. That business still continues. The factory, the way it is, it runs on auto mode. So the factory still continues for us.

Way forward, these are new business prospects that we see for us coming in this particular year. We are adding on a few more products in the weld consumable front, higher grades, that are there. And for little more applications than what we are doing right now, we are also getting additional enquiries for armoured vehicle components from the Army side.

We are working on cutting edge technology products for ship repair and maritime services. We've had some success on that. And with the growing shipbuilding strength, we are currently registered with few now. This year, we will get registered with Bureau Veritas with, Lloyd's Register and of course with IRS also. So these are the plans for the upcoming year for the product range that we are doing. In addition, I wish to share with the shareholders that, we've taken 20% stake in a company called Conceptia Software Technologies Private Limited. It's a company based out of Bangalore, which has been in existence for the past 15 years, which is an export company in ship and submarine design and related offshore products are there.

So we thought of it as a strategic partnership where we could not only do the design, but also build the product and give for the end user application. So that was what our insight on the same was, and that's the reason we acquired a 20% stake in the company.

We already had an associate company by the name of Waveoptix Defence Solutions, which was involved in radio frequency and optical fibre converters. We had a 25% stake. We've upped our stake from 25% to 40%, because we see a lot of momentum, creating on that front too. Just, very excited again. I have mentioned this earlier, and things are getting concretised more for other composite door venture with a Dutch company.

This is the first time that we are venturing with a foreign company to establish a product for the services. These are composite lightweight fire resistant doors. Our trials have been successful. We've started to build a few test facilities, which are mandated for you to do the test trials for product, which have been successful.

And also the actual runs on the ships have been, pretty good that we have got so far. So the finalisation of the contractual terms are in progress. We expect that to close very soon.

With the way, we have grown and looking at the way the current geopolitical scenario and the growth that we see for our products and the new products that we are envisaging to do. We see ourselves growing at about close to 30% to 40% for the next three to five years from here on.

I'll just wrap up on the things that we have done within this financial year. We have doubled our capacity at our Halol plant and the facility I'm glad to share that it's operational and we are working on those capacities now. This project was slightly delayed. It kicked off by about February sometime.

It was in April. These are complex systems. However, we've been successfully been able to do it. I already spoke about the strategic stake in Conceptia, increased shareholding in Waveoptix. We, this year, got our approval from DNV and American Bureau of Shipping that we already got. New joint venture with VABO, we already discussed about.

And I'm glad to share that we'll be moving forward from 1st April with an order book about close to more than ₹260 crores plus, which is probably one of the largest that we've ever got. I hand over to Piyush bhai, our CFO just to run upon the financial numbers. Thank you very much.

Piyush Patel:

Thank you. Good afternoon, ladies and gentlemen. I welcome you all to the FY '25 and H2 FY '25 earnings update conference call of the company. For the FY '25, total revenue of the company grew by 83.1% to ₹1,949 million in FY '25 as against ₹1,064 million in FY '24. The company reported EBITDA of ₹303 million in FY '25 as against ₹154 million in FY '24, a growth of 96.3%.

EBITDA margins have increased to 15.6% in FY '25 as against 14.5% in FY '24, a rise of 105 bps. On year-on-year basis, PAT of the company surged by 124% to ₹219 million in FY '25 as against ₹98 million in FY '24. PAT margins have increased to 11.3% in FY '25 as against 9.2% in FY '24, a jump of 205 basis points. Now for the H2, FY '25, total revenue of the company grew by 41.6% to ₹1,008 million in H2 FY '25 as against ₹712 million in H2 FY '24.

The company reported EBITDA of ₹162 million in H2 FY '25 as against ₹107 million in H2 FY '24, a growth of 50.6%. EBITDA margins have increased to 16% in H2 FY '25 as against 15.1% in H2 FY '24, a rise of 96 bps.

PAT of the company surged by 58.2% to ₹113 million in H2 FY '25 as against ₹72 million in H2 FY '24. PAT margins have increased to 11.2% in H2 FY '25 as against 10.1% in H2 FY '24, a jump of 117 bps. Closing order book position of the company is ₹2,700 million which is the highest ever order book position as on the year end.

I will not take much time and quickly run through other slides because the whole presentation is uploaded on exchange for your review so all of you can have look on it. This is the financial overview of the company for last four years and two, half years in a graphical way to have better understanding about the financials.

Next slide is the income statement for comparison of half years and yearly results. Then next slide is the profit statement of last five years in order to have better understanding about the financial performance of our company over the period. And last slide is the balance sheet of the company for the last three years. Thank you. And over to you, Vinayji.

Vinay Pandit: Thank you. We'll move to Q&A now.

Ankur Shah: Yes.

Question-and-Answer Session

Moderator: So, we'll take the first question from the line of Nitin Karmawat. Nitin, you can unmute and ask your question.

Nitin Karmawat: Yeah. Thank you for the opportunity. Yeah. So my first question is about, we have changed our revenue guidance because I remember that that the earlier revenue guidance was around 40% to 50%, so we have brought it down. So can you please elaborate why we had done that and what is after?

Do we see any reduction in in the orders? Because I heard that there are a lot of orders coming in in the defence. So, why this change has happened if you can throw some light on that?

Ankur Shah: Right. And, Nitinji, interesting question. That is at, let me tell you when we are talking about CAGR growth, we are talking about CAGR growth over next three to five years that is there. The number that you've been talking about was at ₹100 crores base level that is there. We are about close to a ₹200 crores base level and we want to make sure that we are more realistic and not overoptimistic about things.

It's not a connection in the figure, and 40% or 30% to 40% is not what, that is you don't read the number too much in that detail. And in not that sense, we are very, very, positive about the business, the business products they are going to and the way things are going. But, your base level has increased from ₹100 crores to ₹200 crores, so we want to make sure that we are controlling ourselves in our enthusiasm and hence the number that is there.

If you see for the past few years, the guidance that we have given, we matched up to the guidance or gone ahead of it. We want to make sure that we keep the track.

Nitin Karmawat: Got it. My next question is, I remember that there was some approval spending with maybe for one of our products. What is the status of that? Can you please elaborate on that?

Ankur Shah: I don't recollect you remember a specific product because, we are more like a development company. So there are several approvals that are in process, which will get approved so on and so forth that that keeps coming. So if I can't remember the product that we spoke about last time, Nitinji, I'm sorry on that. But it's an ongoing process, so I'm not sure which particular product that you're talking about.

Nitin Karmawat: I'll come back to you on that.

Ankur Shah: Not at all.

Nitin Karmawat: Next question is about the JV with this Netherland based VABO composite, VABO composite. So can you please elaborate what is the status of that? Because we had some revenue projections, earlier. So if you can throw some light on that.

Ankur Shah: Yeah. So, Nitin, we must understand that when you're inducting a product for the services, be it the Navy, Army, or Air Force. You're just about purchasing the product, but because it has to perform in actual conditions that is there, right? So we have done our trials. The sea trials have been successful, and now we are setting up the

production unit related to that. Certain tests have to be done, certain tests are type tested that is imminent. And you mean by type and time test that is there, the hinges have to work for six months in C condition, so on and so forth. So these kind of tests that have to be done, which we have clear with.

And we've identified an area where we'll be setting up the unit, the procurement for the same. We've got all those things in detail. This is the first time that we are doing, a joint venture with the foreign company. So there are kind of issues on that front, those administrative issues that are being held from their side that we are clearing. But I'm very hopeful that this year, we will see some production coming out of that JV also.

Nitin Karmawat: So are we going to increase some more investment over there, or it's going to be ₹10 crores of what we have initially thought of?

Ankur Shah: No. It's going to be in the same range. Nitinji, it's more about the tech and the designing thing than the infrastructure footprint that is there. It doesn't require super heavy machinery or very fancy robots or what to do it. It's all about the core design engineering, and that is the reason we have a tie up with this company, because they are extremely strong on the design and engineering. So that's the leverage that we'll be using.

Nitin Karmawat: I got it. Thank you so much and wishing you best.

Ankur Shah: Thank you, Nitinji.

Moderator: Thank you, Nitin. We'll take the next question from Prabal Jain. Prabal, you can unmute and go ahead.

Prabal Jain: Yeah. Hi, I wanted to understand if you have any CapEx guidance for the upcoming year FY '26 and maybe for the next two, three years. Since you have a lot of products under development, and I'm sure you must be evaluating some more products. So any CapEx guidance if you can give us?

Ankur Shah: So, the CapEx guidance for our products, I've already given, but I'll just recap it. We've already doubled our capacity that is there within the starting point of the year. We are looking to do some automation around it, which is under process that is there. So cumulatively, another about ₹8 crores to ₹10 crores is what we expect to kick in within this financial year. But these will be in phase wise manner. It's

not going to go bang, bang that is there. As we move because certain are SPMs that are going to have to be developed in order to increase our productivity. That is what we are working on, and improve our efficiency. That is one.

On the JV front, it's about a million euro investment. So half of it will come from us. So that's another about close to ₹4.5 crores, ₹5 crores. This is for our product crane that we're looking at. We've already built the CapEx for that, for the same already, for the newer products and the newer ventures that we are doing it, I will talk on it as we come forward. So as they progress and mature, it might not be the right time to talk on the same right for now.

Prabal Jain: Okay. Great. Any other product that you are planning to indigenise? Because in the introductory remarks, you mentioned two of the products which were imported. So, I mean, that is something we want to know.

Ankur Shah: So those were imported. We've indigenised them. Yes. We are working on a few more products that is there. But, Prabalji, you'll appreciate, some most of the work that we do is in classified nature. We are given a time that then you can publicly disclose it. I may not be able to share light on that, but in all honesty, I wish to share that we are working on a few products that are very interesting prospects, and I will be sharing about them. We are more enthusiastic about sharing about them, as things move forward.

Prabal Jain: Great. And one last question. So we understand the CapEx requirement that you're projecting as very less. So, I mean, in terms of if you look at our company, like what kind of moat do we have? Does it revolve around getting the relationship with the navy and air force and all those things? Or is it regarding the approvals, or is it regarding the engineering of the product?

Ankur Shah: It's the third and we always call ourselves as an engineering company. And that's the strength, why the Navy or the army has trust in us, to give us the product that they were looking to indigenise that is there. And this opportunity is open to everyone who has been with the Navy or even from outside or per se that is there. But it is someone who understands the technology and is able to adapt and absorb the technology. They are the ones who move ahead. So we back ourselves on our engineering strength and engineering team. On our first or the second slide we have, we have a team of 280 odd people, and we have a team of 30 engineers that is there.

Honestly, probably, I do very little work. I'm the face, but the Piyush bhai and team, and the people at the factory, they're the guys who really do the work that is there. It's unfortunate they can't come at these forums and talk about it, but I'm the face, but we are doing a lot of work, and we are back ourselves as an engineering company to evolve and grow further.

Prabal Jain: Great. All the best. I'll come back in the queue.

Ankur Shah: Thank you, Prabalji.

Moderator: Thank you, Prabal. We'll take a question from the chat line, which is from Mr. Sudhar. When Krishna Defence is migrating to the main board, NSE exchange?

Ankur Shah: We've already started the documentation work related to that. In fact, it's just 06 April, 2025 is when we completed three years. All the process for the same can kick start only post that. So we've done the necessary steps, shareholder approval, and whatever has to be done related to that. I don't know the details about it, because the finance and the company secretary team is the one that's handling it. But things are moving forward in full pace. We are excited to be on the platform. We have applying to do be listed on both the NSE and the BSE platform. So we expect, that by July or something, we should be listed if that's the timeline that you're asking for.

Moderator: Thank you. The next question is, why recently no new orders are being reported, despite, shipping yards getting big orders?

Ankur Shah: So, no new orders have been reported, because some of the orders are coming in piece meals that are there. So it's not one large order that has come through. So the guidelines we are maintaining, if it's 10% of the PO value we are reporting, that is there. But you can see what is to be seen is from the order book that is there. We pulled on from the 1st April ₹260 crores plus order book that is there. So order flow is coming in and we would have given this kind of guidance if we didn't have the visibility of those three things coming through.

Moderator: His third question is, how are new acquisitions funded?

Ankur Shah: So most of the acquisitions are funded from internal accruals only. If you see the debt on our book, the debt is the pretty low per se, almost negligible. So it's all funded from internal accruals.

Moderator: Thank you. We'll take the next question from the line of CA, Garvit Goyal. Garvit, you can unmute and go ahead, please.

Garvit Goyal: Good afternoon. Congrats for a decent execution in this second half. My question is, particularly on the order book side only. While, when we see we'll be growing at a CAGR of 30% to 40%. Sorry, I'm asking it again, because I think our previous participants are already highlighted it. 30% to 40% for next three to four years. And does that mean, it is going to be a linear growth year-over-year or we can expect the similar kind of growth for the next year and by FY '26?

Ankur Shah: So, Garvitji, I'm also hoping that it's not a linear curve because linear curve gets too boring for everyone around, right? So we'll also hope for if you can outbid that. But you still have to follow a stick line that is there. So that's the trajectory that we are looking. But we see there is a possibility with me. But it works both ways. So you have to be given a more realistic projection, which is what we've already done with the things going on right now, the geopolitical scenario. We see an uptake in that for sure. Could be possible. But this is could be, right? But guidance that we've given is from very solid data that we can foresee.

Garvit Goyal: And so we can take it as a minimum benchmark, right?

Ankur Shah: That is for you to interpret. We have done our guidance as a result. And whatever guidance that we've given, we've make sure that we achieve that or cross that line. So I would like to keep it at that.

Garvit Goyal: Understood. And the order book that we are having right now, so what is the execution timeline for the same?

Ankur Shah: There are several orders within that number of 260 plus. So all different range starting from, since up nine months to about 15 months is what we see the execution time for the same for the existing orders that are there in place.

Garvit Goyal: Nine months to 15 months is the range that you're looking.

Ankur Shah: Yeah. So some are nine months, some are six months, or whatever with that range.

Garvit Goyal: Got it. And lastly, on the order pipeline, how big is our order pipeline? Like, currently, we are into the set of building. And based on that, I'm not asking for a precise number, based on your experience. I'm just

asking for, how do you see the kind of order inflow we can expect in FY '26, from the pipeline we are currently into building purpose?

Ankur Shah:

We spoke about the 260 odd big orders that we already have received. There are quite a few tenders in pipeline, though. But, Garvitji, I would like you to look at it from another perspective that is there. You see the kind of CapEx, MDL, MDL I believe is doing about ₹4,000 crores to ₹5,000 crores CapEx. GRSE is doing, CSL has added a dry dock to themselves. They're doing about ₹2,500 crores to ₹3,000 crores expansion on that.

I see this going through that is there. But this is coming in and Prime Minister has said that India has to become the fifth largest shipbuilding industry in the world. And everyone is aligned to the vision and moving towards that. And just a point on because this is the second question that I got on the CAGR growth that is there. You want to see it from a three to five year perspective, not see it from a quarter or a yearly perspective that is there.

We aim to be a ₹500 crores company in a short while as we move forward. But the baseline change and, hence, things, I have to do the math accordingly. In fact, we are going faster than what we have projected, but we are on that trajectory to come there.

Garvit Goyal:

And this ₹500 Cr mark, is there any timeline to it that you are having in mind or which year? Yes, obviously it is clear from the CAGR number you are giving, but...

Ankur Shah:

Sir you are a CA, I am an engineer, you'll calculate it faster than me, but in the next three to four years is what we wish to gather in. But that is the timeline that we see.

Garvit Goyal:

Got it. And just one more thing. Last thing, India, recently, there was a news article, regarding India is planning to spend around \$10 billion on home-built oil tanker fleet. So can you spend few minutes on describing your role that can be there in this kind of opportunity?

Ankur Shah:

No. See tankers are mounted on floats or barges or ships kind of a thing depending on the capacity or how they're looking at. These also if they are made in India, we will play a role in it. And hence, I mentioned my presentation, we are getting approval from Lloyd's Register, from LRS, from Bureau Veritas that is there so that we qualify for this, and we can start supplying that even for those kind of

requirements, because we have the classification approval to get into this.

So we are excited about that space. But Garvitji, this is a projection that is there that has been done by the government and so on and so forth. We've still not got enquiries for that, but that will take time. But I see that things are moving positive in that direction. That's what I would like to say.

Garvit Goyal: Got it. Thank you very much. Thank you for your time, all the best for the future.

Ankur Shah: Thank you, Garvitji. Thank you. Appreciate.

Moderator: Thank you, Mr. Gavit. We'll take the next question from the line of Shikha Mehta. Shikha, you can unmute and go ahead.

Shikha Mehta: Good afternoon. Congratulations on a great year. I just wanted to understand a few things. Mainly, we've seen good amount of margin improvement in this second half. What is the peak margin we are targeting? Can we see 18% to 20% soon on the cards, or how are we looking at it?

Ankur Shah: So I've always mentioned in my concalls that, once we see an increase in the revenue, the operation leverage will kick in, which has showed in the numbers that are there. And with the growth that we are seeing, those numbers also will improve going forward. To put an exact number by when it will be 18% or 20%, it will be slightly difficult. But if you do the math around we will consistently improve on that curve because that's a focus area for us. We are working towards that. But you would see an uptake in that as the operation level will start to kick in.

Shikha Mehta: Understood. And in our year end numbers, there seems to be a slight buildup in inventories. Can you help us understand how we are looking at our working capital cycle? And are these inventories built up to be liquidated in Q1, Q2 of FY '26, or how shall one look at it?

Ankur Shah: So, the inventory build-up, which is some of the raw material, the WIP, the finished good that is there is in the range of about close to ₹72 odd crores that is there, which is about 36%, 37% of what we did last year in terms of revenue. But when you look at it from the perspective of the order book that we have in hand, the ₹260 crores plus, it's about close to 30 odd percent is the number. So the most of

them is for the orders that we have in hand, and we expect that most of it will be used for the next two quarters that are there.

Because some may get below the quarter three. But we see those things kicking in hand. The reason why the higher inventories there because we have a high order book. I would want you to see from the percentage of the order book in hand rather than just see it from the revenue that was closed last year.

Shikha Mehta:

Understood. And I think last time we had mentioned on the call that, we want to reduce our working capital cycle and getting that lumpiness out of our revenues is one way to do that, which I think we have done since the first half year and second half year of the year has been almost quite similar. So, is that something we're still working on? Can we see a reduction in the working capital cycle?

Ankur Shah:

Yeah. So, Shikha, you guys are from the finance field. You guys know better about finance than me, per se. So, working capital cons is also from the trade receivables, the trade payables and also from the inventory that you're carrying. Inventory, as we grow, the inventory built up cannot be brought down to 5% or 10% because our working capital is larger.

So we are making all our efforts to bring it down. But I would want you to look at the number of the trade receivable, as a percentage of the revenue, we brought it down. So that has helped us improve the working cycle. You may not see in absolute terms, but in percent type terms of the revenue, we see a better functioning on that.

The finance team led by Piyush bhai has worked hard towards it, that our receivables are well in place, per se. Inventory, certain things we cannot escape. Certain things take time. You just cannot escape that. So we are working towards it, but let's not expect to be 5%, 10%. That's going to be very difficult.

Shikha Mehta:

And so on the trade payables side, we've seen a reduction in our credit cycle. So is that again I mean, I guess that's getting offset it with that improvement in trade receivables. So I think that's where we're seeing a slight difficulty. Anyway, so also could you just help us understand our new acquisition a bit better and what kind of revenue potential we're seeing from there?

Ankur Shah:

Yeah. Great question, Shikha. So Conceptia, as I mentioned is a company that is into designing of ships and submarines or even

offshore platforms, per se. This is a company based out of Bangalore, strength team of up close to 80 odd people, 80 plus people, doing about ₹60 crores, ₹65 crores in revenue, it is a growing enterprise.

We see synergy with them that, when they're offering a particular design work to a shipyard, you're now not only giving the design on paper, but we have the capacity now to build that particular module or a block or a part and supply to it. So, for the end customer, you are a one stop solution. You could also be designing and also supply the product. So that was the idea and the rationale behind that acquisition.

Shikha Mehta: Got it. And is the plan to slowly increase stake in Conceptia, the way we've done in Waveoptix, or we're just taking it as it comes?

Ankur Shah: So we wish to increase it, but it has to be beneficial to us. It has to bring more business to Krishna. That's the more important thing than simplistically looking at from a financial perspective. So if you see that as helping some bringing in some business to Krishna, we may up the ante if that is possible.

Shikha Mehta: Got it. And for Waveoptix currently, we're at 40%. Are we looking to take that to above 50% in the near term?

Ankur Shah: The answer would be yes and no. We have to see how the business progresses from here on for us to do that kind of work. We cannot contribute too much on the defence electronic fund because we hardware. Well, we do more of steel and on the naval side. That's a more Army based and the tactical communication front around per se.

So if you see growth in that, we may do that. But as of now, if you ask me today, not because it's pretty well funded and it's growing well. It may not need any investor fund at least for some time.

Shikha Mehta: Understood, and last question from my end, you spoke about our CapEx guidance for the year, which seems quite manageable with our internal accruals. So, is there any plan for any fundraise, any increase in debt, or currently, if everything stays as is, we should be okay?

Ankur Shah: For our current product range, of the way it goes, we should be able to manage with internal accruals or maybe some debt raise through the banking option, but it's not going to be a large amount that is there. We already have limits in place, sometime which we are not utilising. So that'll kick in. But a fundraise, I don't see it happening for our existing products.

We are working on couple of new products that are there slightly larger in nature. If those things materialise, then we may be looking at some fundraise, but not for the products that we are doing right now.

Shikha Mehta: All right. Thank you so much. I'll come back in the queue.

Ankur Shah: Thank you. Thank you, Shikha.

Moderator: Thank you, Shikha. We'll take a question from the chat, which is from Himanshu Mittal. What is the utilisation percentage of new facility?

Ankur Shah: The utilisation facility as we speak right now is almost about, close to 60 odd percent you start to utilise. We have to take it up to 80%. There are technical hitches that are coming with the new line in place. You always have this. It was about only 35%, 40% in the month of April. It's up to about 55%, 60% now. We are hoping that it should be about in the range of 80%, which is the great capacity that we need to work at from the equipment.

Moderator: And there's one more follow-up question from Mr. Sudhar. How you are going to capitalise on Conceptia Software Tech?

Ankur Shah: I just explained that if that could answer the question. Shikha asked the same question, you want the same answer.

Moderator: Sure, we'll take the next question from Sujal Agarwal. Sujal, you can unmute and go ahead.

Sujal Agarwal: Good afternoon.

Ankur Shah: Good afternoon, Sujal.

Sujal Agarwal: Given the current situation about the bulb bar market, it's estimated for about 3,000 to 5,000 tons of market size. And our current capacity is about 4,000 tons. So what is the strategic rationale behind expanding this?

Ankur Shah: I'm not sure how you get the number at 3,000 to 5,000 tons that is there per se, but we've expanded our capacity. And with the growth of both, all the shipyards and the shipping industry as a whole, we see an update in the requirement from the naval side, from the projects that we have seen. Plus, with our other classification, now we are also eligible to supply some grades of bulb bar for Coast Guard and other

application, which increases our addressable market from the naval market per se. And to the ramp up capacity that we've done, we think we are quite capable of getting that volume of business.

Sujal Agarwal: And is there any possibility of export of bulb bars?

Ankur Shah: The Naval grade? No. We are currently not permitted to do the same. But for the non-Naval grade, which for the American Bureau of Shipping, yes, there is a possibility. We have a few enquiries, but it is too small right now for us to be talking about. There is a possibility. Yes. Then we can do that for sure.

Sujal Agarwal: Okay, thank you.

Ankur Shah: Thank you.

Moderator: Thank you. We'll take question from the chat from Siddharth Mohan. He's asking with the trade deals occurring with U.K., USA, India, is opening up, its protected government procurement market to foreign firms probably in non-sensitive sectors. Reciprocally, Indian firms will be able to bid on those shows. Will all this affect Krishna Defence in any way?

Ankur Shah: No, I don't see that affecting us because each country makes its own grade of steel, that is there. And I don't see the U.S. or U.K. importing this to us, personally. Also, the same is true, reverse that is there for the Naval grade, neither U.K. or U.S. is going to take from us that is there. So it's going to be very indigenised or decentralised procurement for the bulb bar per se for the Naval grade piece.

Moderator: Thank you. We'll take the next question from the line of Sivam Parak. Sivam, you can unmute and go ahead.

Sivam Parak: Hi, thanks for the opportunity. My question was, as per the November 2023 con call, you had mentioned that the ammunition product for the Naval gun was at least a two year process for us to get the approvals, the field trials, etc. So I wanted to know where are we at this current stage?

Ankur Shah: There have been some challenges on that. So that's still in design. It's under progress, but it's moving slower than what we anticipated.

Sivam Parak: Okay. So is it going to get materialised finally in this year or next year?

Ankur Shah: This year looks unlikely. But we are working on the same. That's what I would like to say. Very difficult to talk on that specific by when we'll get approval or something around, but that's under progress. There are certain supply chain challenges that have to be resolved before you can put the foot on the accelerator on that project.

Sivam Parak: Okay. Got it. My next question was, like, we had tied up with a start-up based out of IIT Madras that was Planys, which had developed an underwater remotely operated vehicle. So wanted to know whether we are clocking any revenues from the same. And like, we had invested ₹1 crores in this start-up. So if it would be possible for you, what was the ownership stake of our company into that?

Ankur Shah: I think, Sivamji, I'd like to correct you. The investment from our company was worth ₹50 lakh. And if you see, what we have planned to do in the next year FY '26 or '27, there was a line mentioned about, cutting edge technology for marine services that is there. So that is in line to what we have done with Planys for the hull cleaning, for the cavitation, for the paint. These are the things that we're working on. So we are building products specifically for the Naval market, through them and giving it as a service for right now temporarily to do the things in place. So that is something that we are working upon.

And how much revenue we have booked through that, I don't have a number, but it is not significant. But we will see that building in this financial year. FY '25, that number has been too small.

Sivam Parak: Okay, so would that increase in the future? Like, can we get a material business from that side?

Ankur Shah: Yes, we can. That's the idea. That's the idea and that's the whole logic behind partnering with them on this business front.

Sivam Parak: Okay. And my another question was, like, we had also invested in another company, Techera Engineering India Limited. So, like are we thinking of foraying into the aerospace and engineering side as well?

Ankur Shah: No, we were only exploring that as well. If you read it, we were exploring that. So we have not made any investment on Techera company.

Sivam Parak: Okay. Like in the annual report of last year, it was mentioned that, like, we had invested somewhere around ₹2 crores.

Ankur Shah: We had taken an approval to invest, but was not done. We've not made any investment.

Sivam Parak: Okay. And my another question was like, we were developing a product for the Army for combat, which was spherical robot. So we had done the prototype for the same. So any update on the same?

Ankur Shah: So that's not very honestly, we are a development company where we do develop products as per the requirement that are there and not every product that you develop sees or is fully acceptable by the forces that is there. So that is one of the product that has not found willingness, large acceptance from the services. I have no shame in admitting that, the product, the changes that they've asked for some of them are possible. Some of them are going to take too much time. So we've dropped that product for now.

Sivam Parak: Okay, that was very helpful. And my last question is, like, you had mentioned in previous con calls, like the main product that we make that is bulb bars. So in that, raw material component was only 20% to 30%. So, we don't have to consider the volatility of the steel prices much into our calculations. So I wanted to know, like, we are entering into the hatches and the composite component. So, if it is possible for you to provide the details like what would be the raw material component? Like, would it be same as the bulb bars or?

Ankur Shah: Again it's too premature because, it hasn't reached a level put very clear numbers on that. But just to give you a gist, the gross margins in that, just because it's all about design and engineering that is it's just not the product, just buying the raw material, cutting it and doing it. It's just not that. There's a lot of design and engineering that comes into which cannot be considered as gross margin. The gross margin may look very heavy, but there's a lot of cost going into the design and the engineering front that is there. Again, very difficult to put very specific numbers on that because the business is still not 100% mature. The manufacturing facility and company formation is on process, around that is there. So I'm sorry, I may not be able to share very specific numbers around that.

Sivam Parak: Okay. No issues with that. Thanks for addressing my questions.

Ankur Shah: Thank you, Sivamji.

Moderator: Thank you, Sivam. We'll take a question from the chat line of Raja Panda. So he's asking how is the delivery of existing order of weld consumables going on? Please comment about the certification process of higher grade of weld consumables as mentioned in the presentation.

Ankur Shah: Yes. Interesting. Weld, consumer deliveries are going on as per the scheduled requirement of the navy. And we've built capacity around that because keeping in mind the large requirement that is coming up or already started around that. So we are working, that also should be in place. So we are on timelines to what we are doing. And for the certification, I must tell you for one of the grades that is there, we've got almost all the trials are done. All the trials are successful, per se. We are waiting final test results from a foreign lab to come through. Once they're coming, we'll know which way we are moving forward.

Moderator: Thank you. The second question is, this is the first time we are seeing the mention of specialised steel section for armoured vehicles in the presentation. Is this an extension of our existing products? How large is the scope in this segment given that we are indigenising lot of armoured vehicles?

Ankur Shah: No. I've mentioned about this several times. But defence is not very easy that you don't expect a very large order to be given to you on the first year that you start making a product, because they want to make sure the product is time and type tested that is there. So in the case of armoured vehicle product, we gave the armoured steel that had to be tested, fabricated. It has to withstand all the conditions around. And we are seeing an uptake in that. We are seeing an uptake in that plus there's a big uptake in the tank requirement from the army side. So that holds very well for us in the future. We see growth coming in from that segment because we are also getting enquiries for other products within the tank from the same customer.

Moderator: Thank you. We'll take the next question from the line of Dr. Jimmy Kagathara. Dr. Jimmy, you can go ahead, please.

Jimmy Kagathara: Thank you for the opportunity. So, basic question as you mentioned, that in April, our capacity has doubled if our new capacity has gone live, if I'm not mistaken. So what is the maximum revenue possibility of post this CapEx?

Ankur Shah: To cover, earlier installed capacity was in the range of about ₹180 crores to ₹200 crores that is there. And with this new facility, we see

ourselves at about 350 to 400 in that range per se for the products that we are into.

Jimmy Kagathara: Okay. So this 330 to 400 is without the additional CapEx, which you mentioned of around ₹8 Cr to ₹10 Cr, which we have planned for FY '26, or it is including that?

Ankur Shah: In Plant, So you have to keep moving forward in terms of automation, better efficiency. It's a routine Capex which you have to do. So that's an ongoing process whether you want to add capacity or not. It's just not about adding capacity. You also need to become more efficient.

Jimmy Kagathara: Got it. And second, one last question that, regarding, in February, we had posted an update regarding we had done something around ₹146 Cr for nine month FY '25. And our final year figure is ₹195 Cr. So it implies that our Q4 was a bit soft as compared to past record. So any comment on that?

Ankur Shah: No. So I would request you to think it from a year-on-year perspective. One quarter-and-quarter because our working capital cycle is about three to four months' time that is there. To do it exact quarter-to-quarter will be very difficult. I appreciate you look at it from a year-on-year perspective. Last year, we did about close to ₹100 Cr in revenue. Today, we are now close to ₹200 Cr in revenue. So I would request you to look at. Everyone wants that every year you're growing by some percentage points by quarter-on-quarter. Everyone wants that. We also want to do that.

But, in fact, it brings a lot of trouble there, because I remember clearly, the past few years, we've had a very heavy quarter for translating the heavy second half compared to the first half that is there. What happens to that, that's very cool. Then at the end of the year, when you sit back, I did a so much sales in the month of March per se. But, all your resources are so stretched at the at the fag end of the year end of the year, in your financial your manpower, your testing, your other equipment that is there. That is not sustainable.

The best thing, if you can do a continuous growth across 12 months' time, which we put a lot of effort. I might say very simply, keep and move equally. But you must see that entire revenue that we did in the FY '24, we were able to almost achieve that in both the half years, H1 and H2 without doing any major capacity expansion, which kicked on now. So I want you to look at it from a totality perspective and just not a quarter-to-quarter perspective.

Jimmy Kagathara: Sure. Thank you for the explanation. So now we can look towards that H1, H2 will be of the equal split from the past?

Ankur Shah: Yes. That is something exactly what we are looking at. And it's much better helps maintain our resources, clearly, we want to make sure that we have equal quarters. Of course, that's a try. It's not our luxury. We don't have that, but we want to make sure that we kick it off accordingly. That really helps us. The balance sheet goes good. Everything seems smoother. It's not skewed towards the end.

Jimmy Kagathara: Okay. Thank you. Thank you for the opportunity.

Moderator: Thank you, Dr. Jimmy. We'll take the next question from the chat line of Nikhil Chaudhary. He's asking, could you help us understand at what did Waveoptix close this year at, and what potential do we see can become a ₹100 crores top line company considering the TAM is large?

Ankur Shah: Yes. In FY '25, Waveoptix at about close to ₹9.9 Cr in terms of revenue with the profitability about close to PAT about close to ₹90 lakh. We see definitely, that business growing. And a ₹100 crores, will it hit a revenue? Yes. For sure. We expect that in the next three to four years that they will be at that number for sure. Because as you rightly mentioned, TAM is very large in that. But it takes time to build in expertise on the front that we are working at. These radio frequency modules, bidirectional modules are not simple modules to be made. We've been able to do it.

And we have a good order book in Waveoptix, which we are hopeful to execute within this year, which will consistently see the growth upwards to reach us to a ₹100 crores target that we are looking at.

Moderator: Thank you. There's one more question from Sidhant Gupta. He's asking, will margins continue to sustain around the same levels?

Ankur Shah: . We are trying to improve from here on, and we are hopeful that it will improve, right? We are not thinking about sustain as we are thinking of improvement. So I think that will answer the questions, Sidhantji.

Moderator: So there is just one question on my behalf. If we calculate 30% to 40% CAGR from the current base, then we get a range of ₹450 crores to ₹500 crores revenue within three years from here, which is 2x to 2.5x

growth from here in three years, which we believe is a strong growth in the core company itself. Where do you see your margins at ₹400 crores to ₹500 crores top line?

Ankur Shah: Again, Kamleshji I'm not going to put a specific number to that, but with each incremental revenue, you will see an uptake in the EBITDA levels, which you're already seeing from what we've done from FY '24 to FY '25. We see that trajectory being maintained. To put an exact number might not be easy because that's very pinpoint number, but you will see 100, 150, 200 this kind of bit incremental with every year-on-year, and that's what we are focusing upon.

Moderator: Okay. Thank you. We'll take the next question from the line of Mihir Modi. You can unmute and go ahead, please.

Mihir Modi: Yes. Thank you for the opportunity. My question is that Ministry of Defence has planned to increase warships, which includes Navy and Coast Guard in next three to five years. So I want to know that if a procurement or tendering has been completed for that, or is it still going on? And if it has completed, then how much time it takes to reflect it on order book? Is it after getting order or after securing the tender?

Ankur Shah: Mihirji let's understand, let's break up the question into few parts that was there. They are looking to increase the fleet as I would call it both at the naval side and the coast guard side keeping in mind what's happening around us in the world. But it all depends on what the navy prioritises first. Whether they're looking at a smaller platform first, whether they're looking at a larger platform, they're looking at aircraft carrier so on and so forth.

But in any case, the procurement process for the same or the requirement process for the same has already begun. And it's nothing to do with what happened in the last couple of months, but that was always an ongoing activity. With the things that just happened around, we see that all of these files will be fast track, which in turn will be very good for us, because we'll see a properly better order flow coming in, immediately that is there for all the products because all the ships would require at least the naval ships would require our bulb bars and so on and so forth.

Mihir Modi: If you can share how much procurement has been completed and how much order book we are expecting from it?

Ankur Shah: How much procurement has been means, I'll tell you the plan is to get to 175 to 200 ships that's there. And, if I remember correctly, the total order book for the shipyards put together is about 2.3 lakh crores, per se. So, there is still another thirty, forty odd ships for which procurement is yet to take place. But, this will happen once the already existing ships that are under making are delivered, right? So it's a cyclic thing that'll happen. But that's how I would like to number it, Mihirji.

Mihir Modi: Okay. Thank you.

Ankur Shah: Thank you.

Moderator: Thank you, Mihir. We'll take the question from the chat, which is from Pradeep Nagori. He's saying I'm new to the company. Can you please give some details about what is our edge on the product that we are selling, and what are we doing to continue to maintain that edge? Also, if you can explain brief the production process?

Ankur Shah: Interesting question. So the product that we are doing, as I explained, is bulb bar. This is very unique to naval ships. Not only naval ships, but other ships also, but specifically the product that we are doing to naval ships. This was being imported from Russia. This has a typical profile where the strength to weight ratio was about 3x, and hence it is being used. We were one of the first companies to successfully indigenise it, because prior to our development, the same was being imported from Russia.

We also got a prize from Prime Minister, Modi for our development of the product. And since then we've been getting orders from all the shipyards for the bulb bars to make them. Bulb bar is not an innovation or research or development done by us prior to our development. The Indian Navy was using it, and most navies on the world use the same.

To add to what we are doing to continue that, one product is developed, so it's inducted and the demand for that is coming in. But I'd like to add here that, with our engineering skills and the development of the hunger that we have, we've been successfully been able to develop higher grade steel bulb bars for more critical applications, which are higher strength, so which is used apart from naval ships per se. So that's been the mode that we've been wanting to learn and move ahead on this technology curve that is there.

We've added coast guard and other rules that is there, other international approvals, which calls in good and it's very significant of the technological role that we are playing in development of the product. If that was the answer that you were looking at sir.

Moderator: Thank you. We'll take the next question from the line of Dhruv Gupta. Dhruv, you can unmute and go ahead.

Dhruv Gupta: Hi, thank you for the opportunity. I just wanted to know if you're looking for opportunities in shipbuilding apart from defence and navy?

Ankur Shah: Yeah. Surely. We are looking at opportunities in the shipbuilding, apart from the bulb bars, as I mentioned for non-naval or ships, coast guard, so on and so forth. And we are doing the weld consumables and some of the products that we are working along with them for the shipyard. So we are open to that. We are an engineering company. We wish to grow our product portfolio.

Dhruv Gupta: I'm sorry. Could you repeat that? I couldn't hear.

Ankur Shah: We are open, and we are working towards increasing our product portfolio for the Naval market. And we are open to working outside of the Naval market. We've already done approvals so that we could supply to the Coast Guard and other ships, which is in the non-Naval grade category.

Dhruv Gupta: So do you mean merchant ships and other ships?

Ankur Shah: Yes.

Dhruv Gupta: Okay. Thank you.

Moderator: Thank you, Dhruv. We'll take the next question from the chat of Mr. Himanshu Mittal. He's asking, what will be expected top line revenue assuming an 80% or full utilisation of our capacity?

Ankur Shah: Full utilisation of capacity, though, as I put the number across that is there, we are looking about close to ₹350 Cr to ₹400 Cr is either installed capacity that is there. So this is the installed capacity, per se. So we see a number very close to that that can be done within the same setup. You got to keep doing your upgradation, automation, so on and so forth. That will keep happening. So it's not a benchmarking.

Now we'll not invest anymore. When you have a factory, you have to keep doing different, you have to keep improving the processes as you on a regular basis to improve your productivity and yield also.

Moderator: Thank you. There's one question from Smit Doshi. He's asking, what's the current order pipeline and win ratio expectation?

Ankur Shah: What is the current order pipeline and?

Moderator: And win ratio expectation.

Ankur Shah: Win ratio expectation I can talk about. Win ratio is looking about close to 50%. 50% to 60% is our win ratio that we are looking at. And the current tenders that we have in pipeline are in the range of tenders that we have bid for are in the range about close to ₹100 Cr, to ₹130 Cr, if I remember correctly, ₹120 Cr to ₹130 Cr.

Moderator: Thank you. We'll take the next question from the line of Sivam Parak. Sivam, you can unmute and go ahead.

Sivam Parak: Thank you. Thanks for the opportunity again. The last big order for Bukhari that we had received was in 2023, and we had mentioned in earlier con calls that Bukhari's have a lifeline of around two years. And post that orders would be placed again. So can we expect new orders to flow this financial year?

Ankur Shah: Yes. We expect that to happen. But work for the same is in progress, not at my end, at the procurement level. So we see some work on that happening.

Sivam Parak: Okay. Thanks for the update.

Ankur Shah: Thank you.

Moderator: Thank you. There's one question on the chat from Akshay Gupta. Our growth is progressing, but I have a question regarding our operating cash flow. It has been negative for the last three years. I understand we have to invest, but why is our operating cash flow not positive?

Ankur Shah: Yeah. Could you just repeat that? I lost you in between.

Moderator: Yeah. So, basically, he's asking that the operating cash flow is negative for last three years. He understands that we have to invest in

the company, but why the operating cash flow is negative for last three years?

Ankur Shah: We are maintaining up inventory levels are a little more than what generally for the industry is that because the nature of the product, that it takes about three to four months' time. But we've been trying to work very closely to improve, both the working capital and the cash flow in such a way. We brought down the trade receivables, the trade payables and the control. So we are working towards that cycle. And plus, we are a growing company, so we have to fund the growth that is there. So that is something that you will see around, but we are working towards improving that also.

Moderator: So he has one more question. What is the quantum of increase in metal prices you are accounting for 30% to 40% growth assumption? How correlated is the price of a product, with HRC steel prices?

Ankur Shah: So, the basic raw material for the product that we manufacture is, it's a steel plate that is there, which is of a special grade of steel. It's a special grade of steel, must be bought from only Naval approved sources like Steel Authority, so and so forth around. And because these are as it is very premium items, I don't see major increase in raw material price changing our net effect that is there.

Because our mark-up in terms of the process engineering that happens at our factory, the value addition that happens is very, very large that is there. So I don't see a minor change in the steel price will affect the final delivery price for a customer. And we have two kinds of contract built in. Some of them are fixed price contract that have to be delivered in about six to 12 months.

And some we have about 24 months, 36 months contract, which are built in with price variation clause. So then for the longer term contracts, we are covered relatively for any price fluctuation. But for the fixed price, once we know we have this kind of order, we immediately reserve our raw materials, so we're not affected by the fluctuation.

Moderator: Thank you. There is one question from Srisanthi M. How do we stand to gain from large orders received by Garden Reach Shipbuilders to the tune of approximately ₹25,000 crores?

Ankur Shah: Once they've designed the orders, the tender has opened, and they have emerged as the winning bidder, so forth. So once the order is

placed on them, they are confident that they will be requiring the bulb bars for building the ships, and we stand to gain from the order win of GRSE.

Moderator: Thank you. There is one more question on the chat from Vipin Choudhary. Are you actively pursuing large scale defence contracts or engaging with new clients? Additionally, are there ongoing efforts to expand your defence product portfolio to tap into the emerging opportunities within the sector?

Ankur Shah: Yes. Of course. We are adding more products as I mentioned earlier. But I will talk about those once they make sure some of them are classified in nature as we move forward. And what is the first part of the question? I missed that.

Moderator: So he was asking, are you actively pursuing large scale defence contract or engaging with new clients?

Ankur Shah: So, we are doing both. We have large scale contracts. We are pursuing contracts which are in our domain or our product area that is there for sure. And we are adding on newer clients like we've added heavy vehicle factory, for the T-90 tanks as we move forward. So, that's the kind of growth that we are looking to do in our company.

Moderator: Thank you. So I think, so there's one question from Pradeep Nagori. What percent of revenue comes from bulb bars? How tough, it is for doing this product and competition to enter into this product?

Ankur Shah: So, I would say as from the last data that is there from the last revenue about 60% of the revenues have come from bulb bar. You must understand that, the approval process is about a three year process. Plus, it takes time for you to complete your DRDO and in Naval approvals only post which you will be eligible to supply and be an approved vendor for the product. So it's some time taking and lot of hard work and technical skill set to be able to accomplish and get that approval.

Moderator: Thank you for your answer. We'll take the next question from the line of Kush Nahar. Kush, you can, go ahead, please.

Kush Nahar: Yeah. Thank you for the opportunity. Just one question. I think we are targeting around 30% to 40% CAGR growth. So if I take an FY '25 days, I think we'll max out our capacities by FY '27, if I take an average 35% growth. So then how do we ensure the continuity of 30%

to 40% growth post FY '27? Are we planning for more CapEx or new products or more product? Like, the product mix will change for a higher realisation, or how are we planning that?

Ankur Shah: Product mix will not change Kush, I know I stressed couple of times during this con call that, we are working towards automation toward it where we can improve our productivity and yield and efficiency. So these are the things that will help us improve within the same capacity on how we can improve the throughput. So that's the line that we add, it's not an overnight process. It's a journey. It's a 12, 18 months process that we will have to do, and we have started work on that.

Kush Nahar: All right. Thank you.

Moderator: Thank you. We'll take one question from chat from Abhishek Yadav. Out of ₹25,000 crores GRSE order, how much opportunity is for Krishna?

Ankur Shah: It may not be correct for me to put main numbers on that for now, because the order is still in pipeline and not from our side. So I would reframe from answering that specifically.

Moderator: Thank you. There's one final question from Pradeep Nagori. He's asking if you can answer or push what is the second largest order from revenue perspective, and how much is that as of percentage?

Ankur Shah: The second largest order apart from bulb bar, are we saying?

Moderator: Yeah. He's saying apart from bulb bar, which is the biggest product?

Ankur Shah: It's the weld consumables for sure. And that value from the FY '25 revenue is about close to 40 odd percent. That's the number.

Moderator: Thank you. We'll take the question from Karan Singh. Karan, you can unmute and go ahead.

Karan Singh: Yeah. Hi. Thank you for the opportunity and great set of numbers.

Ankur Shah: Thank you, Karanji.

Karan Singh: Thank you. I actually appreciate the fact that the company is showing going, for the defence in general. I wanted to know why are we still in dairy industry, right? Because defence is something will grow a lot in the future. Why are we still just focusing on dairy industry?

- Ankur Shah:** Okay. So currently, good question. Interesting per se. We started off as an engineering company manufacturing equipment for the milk and the dairy industry. So there's a separate factory that does the dairy equipment business, and there's a separate factory that has a defence business. About 70 people man that factory. The company is running in auto mode. It generates profitably for us. So we don't want to spoil something which is already in existence. But clearly, the focus is more on defence, which you could see from the numbers that 95% of our revenue comes from the defence stream. So we don't want to shut down something that's actively running. So it's continuing. I literally have to give diary a little time on that just to oversee and then MIS reports that we see. Apart from that part of the company also is doing okay. So we are letting that continue.
- Karan Singh:** Yeah. One more question. Are we planning for some other capacity expansion in terms of an area in Gujarat, some other place for future CapEx?
- Ankur Shah:** If we plan also for CapEx that is there for our related products, it will not be any other part of Gujarat. They'll be adjoining to our factory around. So for sure, we don't want to go spread ourselves too thin, per se. So we will look at adjoining plot, adjoining line, and that's what we have done. And that's what we will continue to do.
- Karan Singh:** Yeah. Makes sense. Thanks a lot.
- Ankur Shah:** Thank you, Karanji. Appreciate it.
- Moderator:** Thank you, Mr. Karan. We'll take one question from Kartik Khandelwal from the chat line. What mode do we have in bulb bars? There are other engineering players that do on a much larger scale. So what's stopping them to enter in the same as they too can wait for the approval periods, and what advantage or uniqueness we have against them?
- Ankur Shah:** What's our motives, we've been be able to successfully do the product development, meet the technical requirements that required, that is enhanced. We have the approval. What stops other players to do? Nothing, but at least, nothing can stop them. They have to have the hunger and willingness to come forward to do it. And if they are able to meet the technical requirements and the requirements that are there, so be it, right? So nothing stops them.

But, let me tell you. So in the last about about 12, 13 years, a few companies have tried but none have been successful.

Moderator: Thank you. There's a follow-up question from Mr. Sudhar. Sudhar you can unmute and go ahead, please.

Sudhar: Is there any spot restriction is there for our products, number one? And what about this VABO composite joint venture, whether it will help in getting export orders for Europe and other countries?

Ankur Shah: Yeah. So for the current products that we are doing, most of them are classified in nature, developed with DRDO, so on and so forth. So not permitted to export, per se. But for the VABO, since it's a JV with the European company, the whole objective of having a fact manufacturing unit outside of Europe is so that we can service, not only the Indian naval market, but we can also service Southeast Asia and the Middle East market. Europe, they already have their units, so we may not get a chance to enter that market because that is for them. That's how the understanding is there. But once the manufacturing unit operates in India, we will have access to both the Southeast Asia and the Middle East market too.

Sudhar: So what is the investment or means the stake investment and the revenue potential seeing from VABO in next three years?

Ankur Shah: The investment as I mentioned on the concall is we are looking at our investment about close to million euros that are there, out of which 50% be funded by us, another 50% be funded by them. In terms of revenue potential, we see that as a burst ship about a close to ₹5 crores, ₹6 crores opportunity, as an addressable market. You can do the math. It's about 150 to 200 odd ships, which will progressively come up. So that's the addressable market. That's only for the Indian naval market. You add to that the Southeast Asia, the Middle East market, plus some of the other products that you can do once you're successful doing these fire resistant composites. So it's an interesting space to get into.

Sudhar: Thanks.

Ankur Shah: Thank you, Sudhar.

Moderator: Thank you. We'll take the last question from Mayank Kaletti, from the chat line. What is the annual time for bulb bars and welding

consumables, and what is our installed capacity after expansion in bulb bars?

Ankur Shah: I may not be able to give you numbers on tonnage that is there, because there are few grades in the weld consumables and also in the bulb bar to put in a tonnage. But as I put it in output numbers in terms of revenue, we are looking at about close to ₹350 Cr to ₹400 Cr is the revenue capacity that's what you're looking at. Addressing market, that is there. Again, so I can't reveal those that are there, because as and when we have orders from them coming in, but you can take a note from the CAGR growth that we have projected. We are very confident of being able to achieve the CAGR growth that we have projected.

Vinay Pandit: Right. I think that is the last question for the day. Ankur, I would invite you to give your closing comments. And, of course, solve the riddle of by when do you see a ₹500 crores top line? That's one question everybody wants to know.

Ankur Shah: Right. Thank you, Vinayji. So we see ourselves getting there with the same CAGR rate in the next three to four years that is there. Of course, we aim to for, it to be a little faster, but that's what we see. That's the internal target that we've set for ourselves to get to that revenue number. That's the first goal. But Vinayji the journey does not stop there. We have to look beyond that, and we are wanting to even grow beyond that. So this is just probably a pit stop, but the finish line is still far, far away for us. So there's just a pit stop at this ₹500 crores revenue, but we have to cross the pit stop and go forward.

And just as my closing remark that is there, thank you everyone for spending in time. I can keep talking. I hope you guys are not bored about the way it is there. And the confidence and the trust that all you guys have shown into our company that gives us a lot of inspiration and motivation to keep working forward and develop new products for our services. And Armed Forces has done a fantastic job, and it's a privilege to be associated with them and to be able to contribute to what they've been doing. So thank you once again. Really appreciate everyone giving in the time.

Vinay Pandit: Thank you, Ankur, and thank you to the management team for joining on the call. Thank you to all the participants for joining on the call. This brings us to end of today's call. Thank you so much.

Ankur Shah: Thank you very much. Thank you, Vinayji. Thank you, Piyush bhai. Thank you, everyone.